

Message Text

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TAGS: ETRD, EG

SUBJECT: BOYCOTT LIST - FORD MOTOR COMPANY

1. THE FOLLOWING ARTICLE, QTE FORD MOTOR SUGGESTS \$150 MILLION PROJECT TO BE BUILT IN EGYPT UNQTE, APPEARED IN THE FEBRUARY 4 ISSUE OF THE WALL STREET JOURNAL.

2. BEGIN TEXT: FORD MOTOR COMPANY, WHICH HAS BEEN BARRED FROM BUSINESS IN MUCH OF THE ARAB WORLD FOR NEARLY A DECADE BECAUSE OF ITS TRADE WITH ISRAEL, HAS PROPOSED A JOINT VENTURE WITH THE EGYPTIAN GOVERNMENT TO BUILD DIESEL ENGINES AND ASSEMBLE TRUCKS AND TRACTORS IN THAT COUNTRY.

A FORD MOTOR SPOKESMAN IN DEARBORN, MICHIGAN, SAID THE VALUE OF THE PROPOSAL IS IN THE 'GENERAL AREA' OF \$150 MILLION, WITH MOST OF THE MONEY SLATED TO COME FROM UN-SPECIFIED 'THIRD-PARTY INVESTMENT.'

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THE PROPOSAL, WHICH WAS SUBMITTED TO THE EGYPTIAN MINISTRY

OF ECONOMIC DEVELOPMENT, COULD PLAY A PART IN FORD'S EFFORTS TO GET OFF THE ARAB LEAGUE BOYCOTT LIST OF CONCERNS THAT DO BUSINESS WITH ISRAEL. FORD HAS BEEN ON THAT LIST SINCE 1966 BECAUSE IT SELLS PARTIALLY COMPLETED VEHICLES TO AN INDEPENDENT ASSEMBLER IN ISRAEL.

IN RECENT MONTHS FORD HAS BEEN NEGOTIATING WITH OFFICIALS OF EGYPT AND OTHER ARAB COUNTRIES ABOUT THE POSSIBILITIES OF ECONOMIC VENTURES IN THE MIDDLE EAST.

THE FORD SPOKESMAN WOULD'T COMMENT ON WHAT IF ANY PROPOSALS WERE INCLUDED IN THE JOINT-VENTURE PLAN THAT WOULD GET FORD OFF THE BOYCOTT LIST. HOWEVER HE DID REITERATE THE COMPANY'S LONG STANDING PUBLIC POSITION THAT FORD WOULDNT STOP DOING BUSINESS WITH ISRAEL AS A CONDITION FOR TRADING WITH ARAB LEAGUE COUNTRIES.

IN CAIRO, ACCORDING TO AN ASSOCIATED PRESS DISPATCH, ECONOMIC SOURCES SAID THAT FORD HOPES TO AVOID THE BOYCOTT BY SETTING UP THE VENTURE IN A FREE-TRADE ZONE NEAR ALEXANDRIA, WHICH TECHNICALLY COULD BE CONSIDERED INTERNATIONAL TERRITORY.

FORD HAS A PLANT IN ALEXANDRIA, BUT THE COMPANY HASN'T BEEN USING IT SINCE IT WENT ON THE BOYCOTT LIST. THE FACILITY IS USED BY THE EGYPTIAN GOVERNMENT TO INSPECT AND LUBRICATE VEHICLES ARRIVING FROM ABROAD, THE AP SAID. THE WIRE SERVICE SAID THAT FORD INTENDS TO BUILD A NEW FACILITY FOR THE DIESEL VENTURE, BUT THE COMPANY DECLINED TO COMMENT ON THE POINT.

THE FORD SPOKESMAN SAID THE EGYPTIAN GOVERNMENT HASN'T YET RESPONDED TO THE PROPOSAL BUT HAS PROMISED TO ACT 'PROMPTLY.'

ZAKI SHAFEL, EGYPT'S ECONOMY MINISTER, SUPPORTS THE PROPOSAL, THE AP SAID. END TEXT. KISSINGER

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